R.Dis File No. 335

1939.

Collection No.

B

H.P. 12.7.47

(C)

Pros. Serial Nos. 1-3-71

(23)P

Subject.

Charges for water supplied to the Military under the water Supply agreements.

Previous References.

690/31.

(R0474/38)

214/37.

Later References.

RF.667/39

A

21/11/46

S.N.37 F.690(5)-31 (M) 1

The Municipal Commission first suggested a flat rate of Re.1/- per 1,000 gallons for all water supplied to the Military. They subsequently agreed to reduce the rate to 12 annas.

S.N.99 F.690(5)-31 (M)

2

The local military authorities suggested a rate of 10 annas for the bulk supply. This, they said, was .55 anna more than the actual cost to the Commission which they calculated as follows:-

S.N.113 F.690(5)-31 (M)

7.65 as.	per 1,000 gallons payable by the Commission to the Mysore Government for delivery at the High Ground Reservoir; plus
1.8 as.	per 1,000 gallons on account of cost of distribution from the High Ground Reservoir to the Military storage tanks.
9.45 as.	

S.N.118 F.690(5)-31 (M) 3

The Resident recommended to the Government of India that the rate for the Military should be the same as that fixed for the Civil population, i.e., 12 annas for 1,000 gallons.

S.N.167 F.690(19)-31 (P) 4

The Government of India however did not think it a fair proposition that the military authorities should pay for water at the same rate as was charged to Civil consumers. They sent a note by the Engineer-in-Chief on the subject and asked the matter to be reconsidered.

S.N.167/A F.690(19)-31 (P) 5

In the Engineer-in-Chief's note it was pointed out that it was not clear on what basis the figure of 1.8 annas for 1,000 gallons for the cost of distribution to the Military storage tanks was calculated by the local military authorities. The Engineer-in-Chief estimated that it would cost the military authorities Rs.50,000/- to lay new pipes from the point of supply by the Government of Mysore to the taking over points in the Military

Military areas, and on this basis, he calculated the cos of distribution at 1.5 annas per 1,000 gallons. He was of opinion that if the Commission desired to charge the Military for water delivered at the Storage tanks at a rate greater than 9.15 annas per 1,000 gallons (i.e., 7.65 annas for water plus 1.5 annas for distribution), it would be financially advantageous to the Military to lay the necessary mains from the High Ground - Reservoir to the Military storage tanks and take the supply direct from the Mysore Government.

S.N.176/A (P)
F.690(19)-31
6

The question of rate at which water should be supplied to the Military was subsequently discussed at the Water Supply Conference held on 17-6-1933 when P.M.C. agreed to recommend to the Commission that they should supply water to the Military at the rate of 9.15 annas per 1,000 gallons "in view of the fact that if they did not, the Military would probably take their water from the High Ground Reservoir which would definitely result in a loss to the Commission and also in view of the assurance of the C.R.E. that the actual cost of water eventually received by the Military would be more than 12 annas per 1,000 gallons taking into account the cost of their internal distribution system".

para 4 of -do- (P)

S.N.193/B (P)
F.690(19)-31
7

The rate agreed to at the Conference (7.65 annas for water plus 1.5 annas for distribution) was accordingly incorporated in clause 15 of the draft agreement which was approved by the Commission at a meeting held on 27-7-1933.

S.N.193 (P)
F.690(19)-31

S.N.200 (P)
F.690(19)-31
8

The agreement reached in regard to the rate was reported by the Resident to the Government of India in September 1933 and was approved by the Defence Department.

It

separate distribution system would have been necessary only if the Military had to take their supply direct from the Mysore Government and in that case, the whole cost of it would have been a charge on the Defence Department.

12 It is true that the Commission is not expected to make a profit out of the water supply to the Military. But please see paras 3, 4 of P.M.C's letter dated the 9th November 1932. There seems to be some force in the Commission's contention. There would have been a case for reduction of charges if the Commission's water supply account as a whole showed a profit. This however is not the case. The Commission has been struggling hard to balance it; but it is still a deficit account. The present proposal, if agreed to, will result in a loss of about Rs.8,000/- per annum to the Commission.

S.N.99 (M)
F 690(5)-31

13 It is submitted therefore that the case for reduction does not appear to be very strong. Perhaps, the Military authorities may be advised to drop the question or at least to defer it until the Commission is able to balance its water supply account. (Under the post-retrocession arrangements, the rate is .36 anna per 1,000 gals.).

14 For orders.

25.5.39

15 Two important points are:

(1) There are indications that the agreement was reached upon considerations other than the actual cost of distribution.

(2) There is no provision in the agreement for alteration of rate.

The matter would have to go to an arbitrator who would be most unlikely to hold that there was any justification for an alteration of the agreement, unless the facts on which it was based were found to have been materially wrong. I am afraid the military authorities will

will have to bear the consequence of the agreement which they came to in 1933.

31/5/39.

16

Issued : S.N.(2)

Avrait 1.7.39

D.No.6265. S.N.(3).

17

May be filed. Perhaps, it is not necessary to let P.M.C. know of this correspondence.

22.vi.'39 if he might see.

23/6/39

The President, Municipal Commission.
U.O.No.R.Dis.335-39, dated 23-6-1939.

26.6.39.

To.

S.R. U.O.No. Ft. 51/39 of 27 6/39

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE, BANGALORE.
28 JUN. 1939
Diary No. 6532
File No.

CONFIDENTIAL.

No. 054/ / /C.
Bangalore.
27th April 1939.

From.
The Commander, Royal Engineers,
MADRAS DISTRICT.

OFFICE OF THE
HON'BLE THE RESIDENT
IN MYSORE BANGALORE.
27 APR 1939
Diary No. 4422
File No. 694/38

To.
The Secretary,
To the Hon'ble the Resident in Mysore,
BANGALORE.

Water Supply Agreement - BANGALORE.

Sir,

1. On reviewing the present agreement for water supplied by the Municipal Commission for the Defence Department, which is now continuing from year to year, terminable at three months notice, it was found that the rate included in the agreement was based originally on incorrect calculations.

2. The matter was taken up with the President of the Municipal Commission and copies of the correspondence between his office and this office are forwarded herewith.

S.N.167/A
F690(19)-31
(P)

3. At the time when the rate to be entered in the agreement was under discussion the Engineer in Chief suggested that the rate should not be more than 9.15 annas per 1,000 gallons, but he also stated that the extra rate for passing water from the High Ground Reservoir to the Bulk Supply points should be the actual cost to the Municipal Commission, and the rate should be based on this calculation.

4. The over payment for water represents a considerable loss to Government each year, and in view of the fact that the date on which Retrocession will take place is still doubtful, it is requested that you will take the matter up with the

Copy of letter No. 1838/971/E.4., dated 27-2-1939, from The C.R.E., MADRAS DISTRICT. To The President, Municipal Commission, BANGALORE.

(3)

WATER SUPPLY - AGREEMENTS - BANGALORE.

Sir,

In reviewing the rates for water included in the agreement between the Crown Representative and the Municipal Commission, Bangalore, which is now continuing from year to year, it appears that the basis on which the extra rate of 1.5 annas per thousand gallons (given in clause 15(A) (a) (ii) of the agreement) was fixed, was not correct.

(B)

This rate appears to have been fixed as the equivalent of what it would have cost the Defence Department to lay an entirely separate distribution system from the High Ground Reservoir to the Military Bulk Supply Points. This separate distribution has not been required, and in any case the whole cost of it would not have been a fair charge against the Defence Department.

The extra rate to be paid by the Crown Representative over and above the rate to be paid to the Mysore Government for delivery at the reservoir, should be the actual cost to the Municipal Commission for supplying water at the Bulk Supply Points. This cost should not include any element of interest or depreciation charges on the mains, which are loaned to the Municipal Commission at a nominal figure, but should allow for normal maintenance and minor renewals necessary year by year to keep the pipes in good condition, and for establishment and supervision charges for this part of the system, together with such charges as chlorination costs.

It is suggested that a reasonable allowance for these items would be atotal charge of 5% on the capital cost (at present day replacement values) of the portion

of the system concerned.

This cost should be divided over the whole quantity of water delivered from the reservoir as the mains supply both Civilian and Military consumers.

The cost of these mains is approximately Rs.1,79,000 and 5% of this figure would be Rs. 8,950 per year equivalent to o.2 anna per 1,000 gallons.

It is, therefore, suggested that steps should be taken to amend the rate in Clause 15(A)(a) (ii) from 1.5 annas to o.2 anna per 1,000 gallons.

I have the honour to be,

Sir,

Your obedient servant,

Sd/

for C.R.E. MADRAS DISTRICT.

15

Copy of letter No. 1838/977/E.4., dated 11-4-1939, from The C.R.E., MADRAS DISTRICT, To the President, Municipal Commission, BANGALORE.

WATER SUPPLY - AGREEMENTS - BANGALORE.

Sir,

Reference My No. 1838/971/E.4., dated 27-2-1939.

Will you please say if the Municipal Commission agree to the proposed amendment ?

It is suggested that the new rates should be put into force with effect from 1st May 1939.

I have the honour to be,

Sir,

Your obedient servant.

Sd/

Captain R.E.,

For C.R.E. MADRAS DISTRICT

Copy of letter No. 1096/39, dated 17-4-1939, from C.F.V. Williams, Esq., I.C.S., President, Municipal Commission, C.&.M. Station, BANGALORE, To the C.R.E. MADRAS DISTRICT.

16

Sir,

Water Supply - Agreements - Revision of rates - Your letters No.1838/971/E.4., dated the 27-2-1939 and No.1838/977/E.4., dated the 11-4-1939.

The arrangements made for the supply of water to the military authorities form part of the general arrangements made in 1933 by the Crown Representative, the Mysore Government and the Municipal Commission for the supply of water to the Civil and Military Station, Bangalore. The cost at which water should be supplied, both by the Mysore Government to the Municipal Commission acting on behalf of the Crown Representative, and by the Municipal Commission to the Crown Representative in the Defence Department, was determined after prolonged negotiation in the course of which all aspects of the subject were fully considered. In particular, the considerations now advanced in your letter under reply were presumably present to the Engineer-in-Chief when he suggested that the total cost of water supplied to the Crown Representative in the Defence Department should be 9.15 annas per 1,000 gallons, a rate lower than that originally proposed by the Municipal Commission but finally accepted by them. The Municipal Commission cannot now accept a reduction in that rate, and in any case cannot agree to review only a part of the general arrangements made in 1933.

I have the honour to be,
Sir,
Your most obedient servant

Sd.
President, M.C.

S.N.2

Issued 7/6/39 Fs.

Issue 1/6

L7

R.D. F.No. 335/39.

CONFIDENTIAL. Dated 7th June 39

From
The Secy. to the Resident.

To
The Commander,
Royal Engineers,
Madras District,
Bangalore.

Sir,

I am directed to refer to your letter No. 054/1/C, dated the 27th April 1939.

S.N.1
(PUC)

2. The charges for water supply by the Municipal Commission to the military authorities are laid down in the agreement made between the Crown Representative and the Municipal Commission. In this agreement there is no provision for revision of the rates. The two relevant paragraphs are 17 and 20. Under para. 17 after 5 years, three months notice can be given of the termination of the agreement. The military authorities presumably do not wish to act on this paragraph in view of the proposals

for

9

discussed the rate which the military authorities would have to pay for distribution under their own system which he calculated at 1.5 annas. The decision was however made at the Conference held at the Residency Office on the 17th June 1933 at which three representatives of the military authorities were present. The relevant paragraph is as follows:

* S.N.176/A F.690-31(19) 'P'

"The President, Municipal Commission, agrees to recommend to the Commission that they should supply water to the Military at the rate of 9.15 annas per thousand gallons in view of the fact that if they do not, the Military will probably take their water from the High Ground Reservoir which will definitely result in a loss to the Commission and also in view of the assurance of the Commander, Royal Engineers that the actual cost of water eventually received by the Military will be more than 12 annas per thousand gallons taking into account the cost of their internal distribution system."

This agreement was reported to the Govt. of India and was approved by the Defence Department. It appears from

the

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the wording of this paragraph that the actual cost of distribution was not the deciding factor although the attitude of the military authorities in accepting the figure of 9.15 annas per thousand gallons may have been influenced by the fact that they had previously calculated the distribution cost at 1.8 annas, (please see District Commander's letter No. 1838/X/E.4, dated the 14th Decr. 1932.), a figure which was subsequently contested by the Engineer-in-Chief.

S.N.113
F.690-31(5)
'M'

3. On these facts ~~therefore~~ it is very doubtful whether an arbitrator would consider that there was sufficient ground to justify the alteration of the agreement. The Resident would be more inclined to pursue the matter should the Municipal Commission be making a large profit from its water supply, but it is in fact still a deficit account.

4. In view of these considerations, he sees little advantage in his referring the matter to the Municipal Commission

S.W.3

CONFIDENTIAL.

OFFICE OF THE
H'BLE THE RESIDENT
IN MYSORE, BANGALORE.
21 JUN 1939
Diary No. 6265
File No. P&S 335/39

No. 054/ 3 /C.
Bangalore.
19th June 1939.

From.

The Commander, Royal Engineers,

MADRAS DISTRICT.

To.

The Secretary to the Hon'ble the Resident
in Mysore,

BANGALORE.

WATER SUPPLY.

S.W.2
C.F.7

Reference your letter R.Dis No. F.335-39 dated 7-6-1939.
G & A

Sir,

In view of the supposed imminence of Retrocession, the Commander, Madras District has decided that it is not desirable to pursue the matter further at the present time.

This decision is made without prejudice to the possibility of reopening the matter in the event of Retrocession being long delayed or in the event of any material change in the circumstances.

I have the honour to be,

Sir,

Your obedient servant,

Lieut. Col. R.E.,
C.R.E., MADRAS DISTRICT.

Copy S.N.4

13

No.F.26-A/37.

A copy of the undermentioned papers is forwarded to the Hon'ble the Resident in Mysore for information, with reference to paragraph 2 of Political Department letter No. F.26-A/37, dated the 5th May 1938.

SN.26 Cp. 64 (K)

P 214-37

OFFICE OF THE
HON'BLE THE RESIDENT
IN MYSORE, BANGALORE.
28 AUG 1939
Diary No. 8933
File No. 10.474/38

By order, etc.,

for Secretary to His Excellency the Crown Representative.

HWT

Political Department,
Simla.
The 23rd August 1939.

Filed
A/C.
3/9/39

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1. Letter No.F.26-A/37, dated 11th May 1939 to the Secretary to the Government of India, Defence Department.

2. Letter No.46807/20/E.4 (W.S/D.4), dated 13th June 1939 from Defence Department.

Copy of letter No.F.26-A/37 dated the 11th May 1939 from the Secretary to His Excellency the Crown Representative to the Secretary to the Government of India in the Defence Department.

Agreement "B" between the Crown Representative and the Municipal Commission, Bangalore Civil and Military Station in respect of water supply arrangements in that station.

Cp. 64 (K)
F 214-37

I am directed to refer to paragraph 2 of the Political Department letter No.F.26-A/37, dated the 5th May 1938 to the Hon'ble the Resident in Mysore, a copy of which was endorsed to you, and to state that, although in view of the constitutional position Agreement "B" with the Municipal Commission, Bangalore Civil and Military Station in respect of the water supply arrangements in that Station has been expressed to be made by the Crown Representative, the understanding was that the Defence Department of the Government of India are responsible for all the liabilities undertaken by the Crown Representative under the terms and conditions of the said Agreement "B" and that the Crown Representative would consult that Department in regard to any questions affecting military interests which may arise under the said agreement. The Defence Department will be able, to the same extent as in the past, to issue the necessary administrative instructions on behalf of the Crown Representative under the rule issued in Political Department Notification No.25-Fed.I dated the 1st April 1937, in consultation with the Political Department when necessary.

Slip (L)
Extract from Gazette.

2. I am to request that the position as stated above may be formally confirmed by means of an official letter.